

**REPORT TO THE AUDIT COMMITTEE – 13 DECEMBER 2018**

**INTERNAL AUDIT PROGRESS WITH 2018/19 AUDIT PLAN**

**1. Recommendations**

**1.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.**

**2. Discussion**

2.1 This report advises the Committee of Internal Audit's progress during the current year.

2.2 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report. Any comments made have been incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

**3. Scheme of Governance**

3.1 The Committee is able to discuss this item in terms of Sections G.1.1.d and G.1.4 of the List of Committee Powers in Part 2A of the Scheme of Governance as the Committee is responsible for Internal Audit matters and reviewing the activities of Internal Audit.

**4. Internal Audit's progress during 2018/19**

4.1 It is one of the functions of the Audit Committee to review the activities of the Internal Audit function, including its annual work programme. Internal Audit reports interim progress each December and provides a full year report following the end of the financial year.

4.2 Appendix A to this report details the audits carried forward from 2017/18 and the current position with regard to these. Appendix B details the position relating to audits contained in the 2018/19 plan which was approved by Committee on 21 March 2018.

4.3 All but one of the residual 2017/18 audits have either been completed or a draft report is with the appropriate Service for consultation. Some of the audits have taken longer to complete than anticipated when included in the plan due to issues identified and there have also been delays in clearing some reports with Services.

4.4 Progress with the 2018/19 planned work is behind that achieved at the same point in 2017/18. The following table compares the position at the end of November in each of the last three years.

Audit Status	November	%age	November	%age	November	%age
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	2016		2017		2018	
Complete	15	26.3%	18	31.0%	10	17.5%
Draft Report Issued	8	14.0%	8	13.8%	9	15.8%
Work in Progress	11	19.3%	12	20.7%	15	26.3%
Cancelled / Moved	1	1.8%	2	3.4%	0	0.0%
To be Commenced	22	38.6%	18	31.1%	23	40.4%
Total	57	100%	58	100%	57	100%

- 4.5 Progress has been hampered by a larger number of previous and current year draft reports taking longer to clear through the consultation process. A number of these have had to be chased to get responses from Services and this impacts on the time spent on the audit as Internal Audit staff have to continually refresh their memory of the issues raised, having already progressed on to other audits.
- 4.6 In addition, the Internal Audit team has been operating at less than full establishment during the year to date due to higher than usual sickness absence, whilst three Assistant Auditors have resigned during the year to date. One of the vacancies has recently been filled whilst the recruitment process is underway for the other two. Should the vacancies be filled, there will be five Assistant Auditors (50%) on temporary contracts.
- 4.7 Internal Audit continues to spend significant time following up the implementation of agreed recommendations. To try and address this, the process has been changed to try and ensure that responses are received which will enable Committee reports to be completed on time. When Internal Audit reports are issued, Services are encouraged to advise Internal Audit when recommendations have been implemented. This means that Internal Audit do not have to follow these recommendations up. Draft Committee reports are now being issued to Heads of Service in advance of Committee reporting deadlines, rather than officers with responsibility for implementing recommendations being contacted after the agreed implementation date to establish progress. Although this means that all recommendations due to be reported to Committee have to be put into the initial draft report, it is hoped that this will help ensure that recommendations are implemented in time, resulting in the desired improvements.
- 4.8 It is too early to determine if this will have a positive impact on the resource being spent on this activity. However, some Services continue to require additional support and advice from Internal Audit to implement agreed recommendations which does have an impact on resources.

## 5. Implications and Risk

- 5.1 An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 5.2 There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.

- 5.3 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

**CHIEF INTERNAL AUDITOR**

Report prepared by David Hughes, Chief Internal Auditor.  
27 November 2018.



**APPENDIX A**

**2017/18 Audit Work carried forward into 2018/19:**

<b>Service</b>	<b>Audit Topic</b>	<b>Position</b>
Business Services	Changes in Government Policy, Legislation and Regulation	Complete April 2018
	Partnerships and Joint Working	Complete April 2018
	Attendance Management	Complete May 2018
	Leavers' Procedures	Complete May 2018
	Leavers' Procedures	Complete May 2018
	Mobile Telephony	Complete May 2018
	Councillors Code of Conduct	Complete June 2018
	Change Management – ICT	Complete June 2018
	System Recovery	Complete June 2018
	Balance Sheet Code Monitoring	Complete August 2018
	Estate Rationalisation	Complete October 2018
	Hard FM Contract	Complete October 2018
	City Region Deal	Complete November 2018
	Fixed Asset Register	Complete November 2018
	Budget Setting Process	Complete November 2018
Education and Children's Services	Catering Procurement	Complete May 2018
	Community Centres	Complete May 2018
	Pupil Equity Fund	Complete August 2018
Aberdeenshire Health & SC Part	Joint OT Store	Complete June 2018
Infrastructure Services	Regeneration	Complete July 2018
	Quarries	Complete October 2018
	Roads Procurement and Tendering	Complete October 2018
	Housing Tendering Procedures	Complete November 2018
	Roads Project Management and Job Control	Draft Report issued November 2018

**APPENDIX B - 2018/19 Audit Work:**

Service	Audit Topic	Position
Corporate / Cross Service	Temporary Employee Contracts	Complete May 2018
	Timesheets & Allowances	Complete June 2018
	Agency Staff Contract	Complete August 2018
	Creditors Payments following Interface	Draft Report issued September 2018
	General Data Protection Regulation	Draft Report issued October 2018
	Risk Management Process	Draft Report issued November 2018
	Prevention of Fraud, Bribery and Corruption	Draft Report issued November 2018
	Compliance with Procurement Related Legislation and Council Regulations	Work in Progress
	Approved Budget Savings	Work in Progress
	Travel & Subsistence	
	Council Plan	
	Code of Corporate Governance	
	Workforce Planning	
	Project Management	
	Business Services	Cleaning Payroll
Year-end Cut-off Procedures		Complete October 2018
Sale of Land and Property		Complete November 2018
Printing Contract		Draft Report issued September 2018
VAT		Draft Report issued October 2018
Bank Reconciliations		Work in Progress
Capital Plan		Work in Progress
Data Security in a Cloud Based Environment		Work in Progress
Benefits – Rent Allowances, Rebates and CTR		Work in Progress
Revenue Budget Monitoring Procedures		
Treasury Management		
Business Rates		
Payroll System		
IR35		

APPENDIX B - 2017/18 Audit Work (continued):

Service	Audit Topic	Position
Business Services (cont)	Innovate Aberdeenshire	
	Developer Obligations	
	NESTRANS Financial Governance	Work in Progress
	SDPA Financial Governance	
Education and Children's Services	Catering Income	Complete August 2018
	Maintenance Repairs	Complete November 2018
	Sports Facilities	Draft Report issued October 2018
	Primary School Visits	Draft Report issued November 2018
	Music Tuition	Work in Progress
	GIRFEC	Work in Progress
	Teachers Payroll	
	Nursery Education	
	Devolved Education Management	
	Peterhead Campus	
Aberdeenshire Health and Social Care Partnership	Social Work Financial Assessments	Complete November 2018
	National Care Home Contract	Work in Progress
	Very Sheltered Housing	Work in Progress

**APPENDIX B - 2017/18 Audit Work (continued):**

Service	Audit Topic	Position
Infrastructure Services	European Agricultural Fund for Rural Development Grant	Complete October 2018
	Active Travel	Draft Report issued October 2018
	Economic Development – REDS	Work in Progress
	Affordable Housing	Work in Progress
	Harbours	
	Winter Maintenance	
	Housing Waiting List / Allocations	
	Housing Rent	
	Trapeze System	
	Scottish Regulators Code of Practice	
	Bus Service Operators' Grant	Work in Progress
	Interreg Projects – Grant Claims	Work in Progress